

Public

CUSC Panel

Tuesday 04 March 2025

Online Meeting via Teams

Public

WELCOME

Purpose of Panel & Duties of Panel Members

The **Panel** shall be the standing body to carry out the **functions** referred to in CUSC – Section 8 CUSC Modification (8.3.3)

The **Panel** shall endeavour at all time to operate:

- In an **efficient, economical and expeditious manner**, taking account of the complexity, importance and urgency of particular CUSC Modification Proposals; and
- With a view to ensuring that the CUSC facilitates **achievement of the Applicable CUSC Objectives**.

Duties of Panel Members & Alternates (8.3.4)

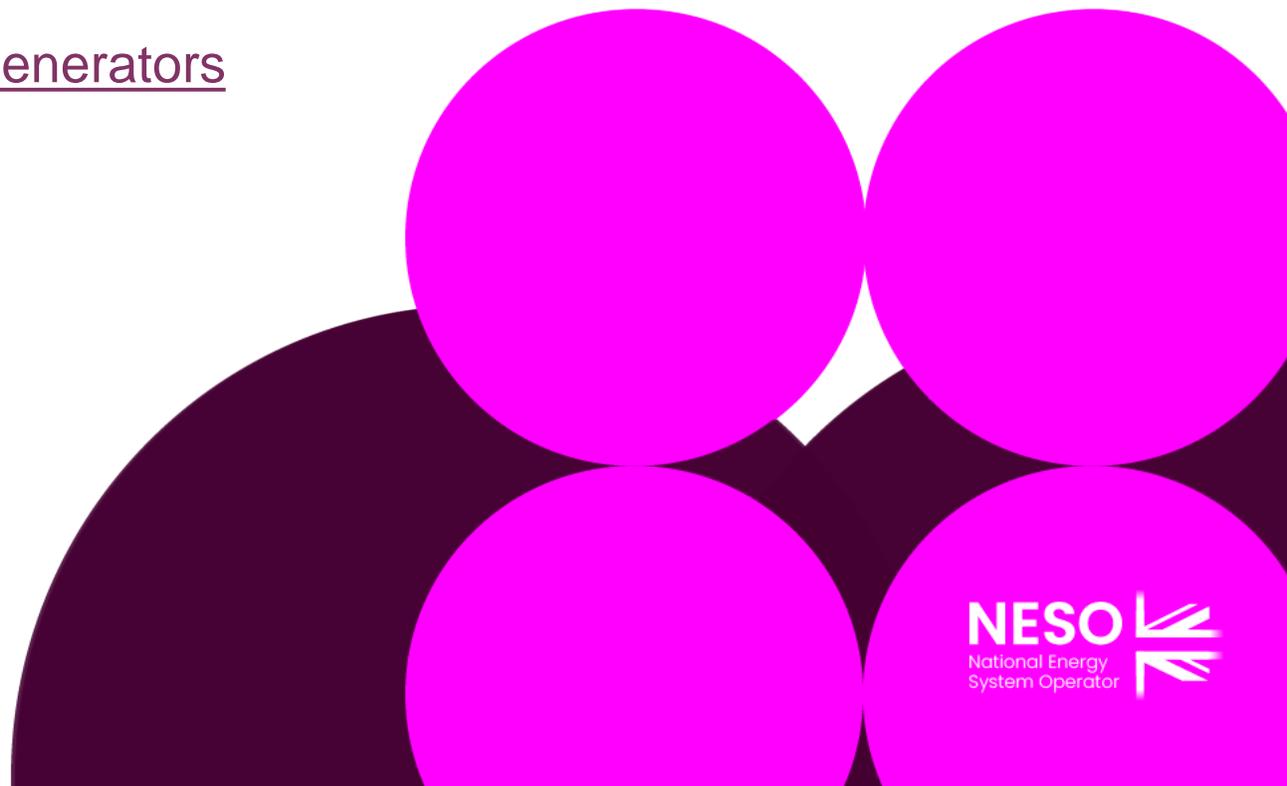
1. Shall act **impartially** and in accordance with the requirements of the **CUSC**; and
2. Shall not have any **conflicts of interest**.

Shall not be representative of, and shall act without undue regard to the particular interests of the persons or body of persons by whom he/she was appointed as Panel Member and any Related Person from time to time.

New Urgent Modification

CMP452: Suspension of TNUoS Payments for generators
connecting during the 2024/25 charging year

Neil Young, Brockwell Energy



CMP452 Critical Friend Feedback

Code Administrator comments

- Formatted the document in places
- Suggested a clear decision and implementation date
- Suggested some rewording in certain parts for clear understanding.

Amendments made by the Proposer

Proposer accepted all amendments made by the Code Administrator



CMP452 Suspension of TNUoS Payments for generators
connecting during the 2024/25 charging year

Request for urgency

March 2025

North Kyle Wind Farm



The modification proposal

This modification proposal aims to suspend TNUoS payments by generators that connect during the 2024/25 charging year. The suspension would last until the defect is addressed by either CMP445 or an Ofgem decision on their end-to-end review of the regulatory framework (which we note may result in modifications being raised).

Affected generators could choose to request to defer their payments until such decision is made. Then they would pay the amount that is determined to be owing (even if it is the current amount) of charges equally over the remaining months of the charging year in which the decision is made.

The defect is described fully in CMP445 and the rejected CUSC proposal CMP451 so is not repeated in full here. In essence, the issue is that parties that connect during the charging year are liable for a full year's charges no matter how late in the year the connection happens. In Brockwell's case, they facing a full year's charges with less than two weeks of transmission access. This cannot be considered cost reflective. Parties affected by this can only avoid this punitive charge by delaying connection to the following charging year. This benefits no one – investors, security of supply, or ultimately, consumers, and is not in line with the Government's CP30 ambitions.

Proposed legal text

The proposed legal text is below.

Where a Generator's connection date is between 1 April 2024 and 31 March 2025, and where that Generator requests, TNUoS charges shall not be liable until such time as there has been a decision by Ofgem on:

- *CMP445; or, if earlier*
- *Ofgem's end to end Connections review or the resulting code modification, where such decision/modification makes CMP445 redundant;*

Once a decision has been made, the total liable TNUoS charges for the 2024/25 charging year will be added to the relevant charging year during which a decision has been taken, equally across remaining months in that charging year. It may be the case that there is no change from now in the charges due resulting from CMP445 or as a result of Ofgem's end to end review, in which case the full amount will be paid in equal instalments over the remaining of the charging year.

Request for urgency

Ofgem guidance, December 2024

“ Our current view is that an urgent modification should be linked to an imminent issue or a current issue that if not urgently addressed may cause:

- a. A significant commercial impact on parties, consumers or other stakeholder(s) or
- b. A significant impact on the safety and security of the electricity and/or gas systems or
- c. A party to be in breach of any relevant legal requirements.”

“ The imminent issue may be date related”

The full year payment of approximately £1.3 million in TNUoS charges for the 2024/25 charging year will have a very significant commercial impact on Brockwell. The imminent issue is date related, being 19 March 2025. **Very clearly, the urgency criteria is met.**

Brockwell need to decide whether to energise or not on 19 March 2025 so a decision on the modification has to be made by the Authority by **14 March 2025**. Note that the delays and late connection date emerged and became acute a few weeks ago. Hence, Ofgem’s reasoning for rejecting urgency for CMP445 does not apply.

Proposed urgency timetable

- Tuesday 4 March:
 - Special CUSC Panel, request for urgency;
 - Code administrator submits letter to the Authority;
 - Panel to receive a draft of the Code Administrator consultation;
- Wednesday 5 March
 - Authority decision on urgency;
- Thursday 6 March (assuming Ofgem approved urgency)
 - Panel comments on consultation are received;
 - Consultation document is finalised;
- Friday 7 March
 - Consultation is issued for two working days (Close Monday);
- Tuesday 11 March
 - FMR is issued to Ofgem;
- Authority Decision before 14 March.
- Implementation 17 March.

There is precedent for this type of modification, and an urgent turnaround through the Code Governance route and a decision from Ofgem – in that case, all within 24 hours. [P083 – Amendment To Process For Past Notification Errors](#). In a similar fashion, P083 embedded a delay into the BSC processes to enable another modification to proceed through the code Governance process, conceptually very similar to this proposed modification.

Other comments

Other comments:

- We consider that the proposal is simple and can therefore be expedited rapidly including Ofgem consideration;
- No workgroup is required;
- NESO could simply offer a credit note to the affected parties. This should be very fast and easy to implement but NESO are best placed to comment;
- We believe that there are only a few generators that have connected late in this charging year (NESO can best estimate how many parties may come forward asking to defer payments);
- This modification would not affect any other party's TNUoS liabilities. Monopoly income is unaffected due to the k-factor (the monopoly always gets its money);
- The only parties materially affected are the late in the year connecting generators.

Brockwell have written to the Ofgem Chair and the Secretary of State explaining the commercial importance of this modification and their disappointment that Ofgem is not helping renewable generators connect in a timely, economic and efficient manner, to meet the Government's CP30 ambitions.



Appendix

North Kyle Wind Farm Connection timeline for background



Project Background

Project Scale in UK Onshore Context

Rank	Project	Capacity (MW)
1	Viking Wind Farm	443
2	Clyde North	375
3	Whitelee	305
4	Kilgallioch Wind Farm and Extension	274
5	Whitelee Extension	238
6	South Kyle Wind Farm	235
7	Pen Y Cymoedd Wind Farm	228
8	Stronelaig	228
9	North Kyle	212
10	Clash Gour	210

North Kyle is, by a significant distance, the largest onshore wind farm to be connecting in 2025 and one of the largest in the UK

Rank includes all onshore wind farms either built, in construction, or approved.

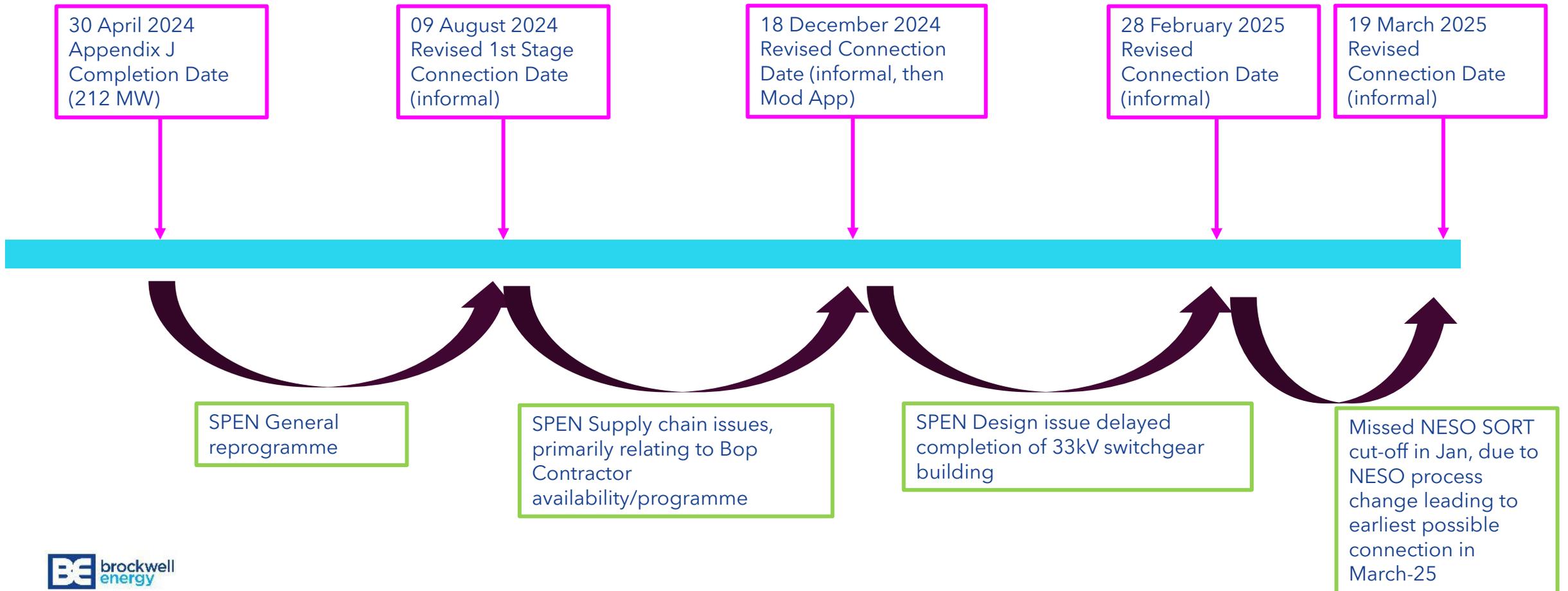
Current contract arrangement

Between National Grid Electricity System Operator and North Kyle Wind Farm Limited

- a bilateral connection agreement dated 15 May 2019 between the Grid Connection (High Voltage Transmission) Counterparty and ProjectCo (the "BCA");
- a construction agreement dated 15 May 2019 between the Grid Connection (High Voltage Transmission) Counterparty and ProjectCo (the "ConsAg")
- (a CUSC accession agreement dated 15 May 2019 made between the Grid Connection (High Voltage Transmission) Counterparty and ProjectCo (the "CUSC Accession");
- a connection offer issued by the Grid Connection (High Voltage Transmission) Counterparty on 16 January 2019 and re-offered on 12 March 2019 offering grid connection for the Wind Farm and accepted by ProjectCo on 15 May 2019 offering grid connection for the Wind Farm (the "Grid Connection (High Voltage Transmission) Offer");
- **Appendix J completion date: 30 April 2024**
- **Mod App received from NESO dated 17 October 2024 with 3 stage connection (signed by NKWFL 13 Feb 2025):**
 - Stage 1: 79MW of export allowed, connect on 18 December 2024
 - Stage 2: full 212MW of export allowed, on 30 May 2025
 - Stage 3: full 100MW of import allowed, on 03 April 2028

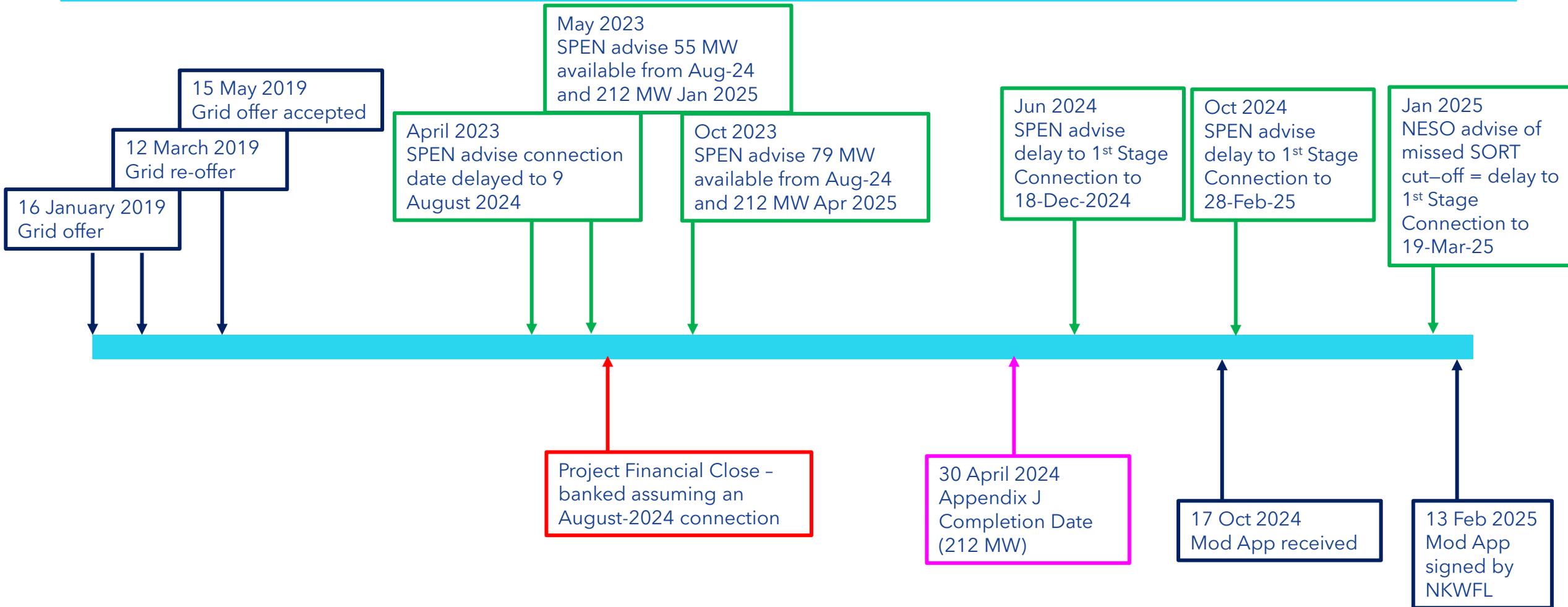
Grid connection timeline

Movement of Grid Date



Grid connection timeline

Overview of events



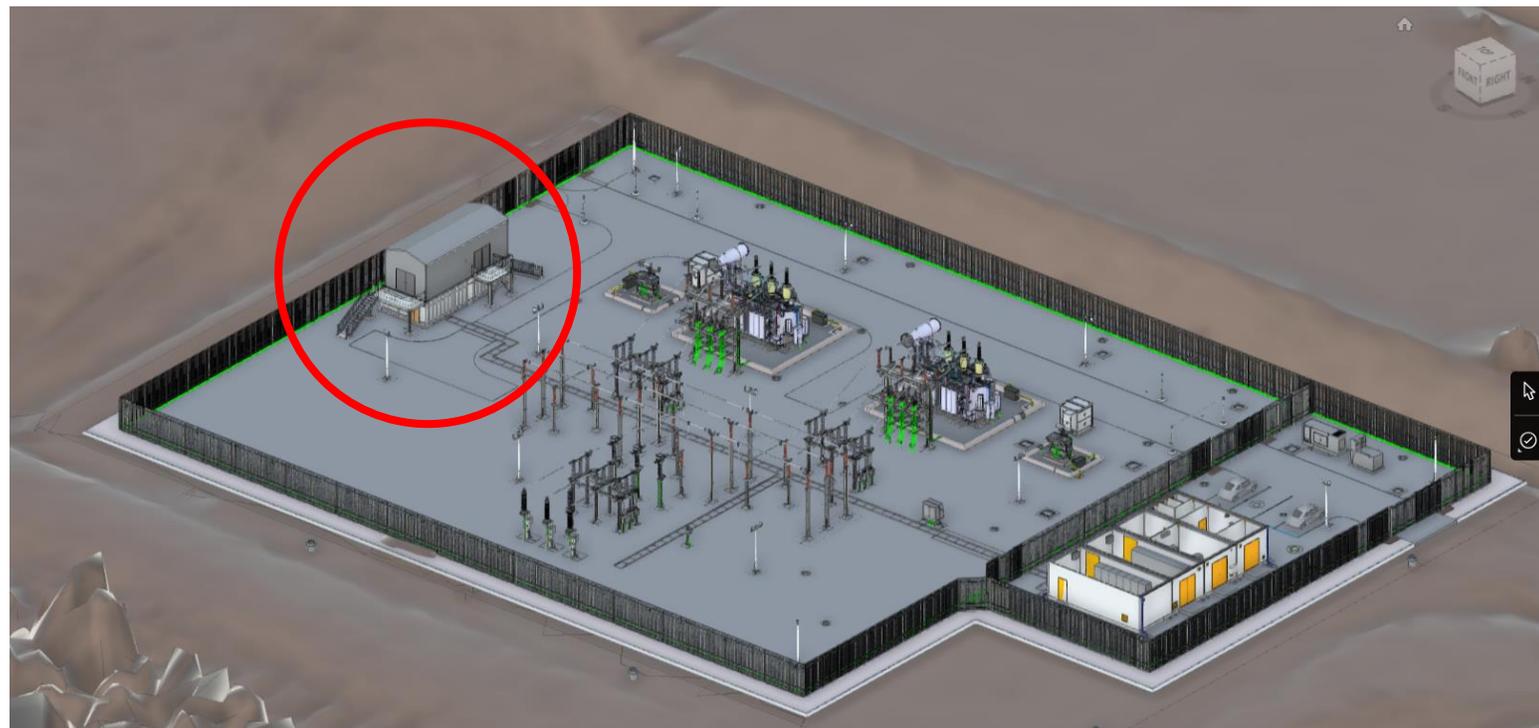
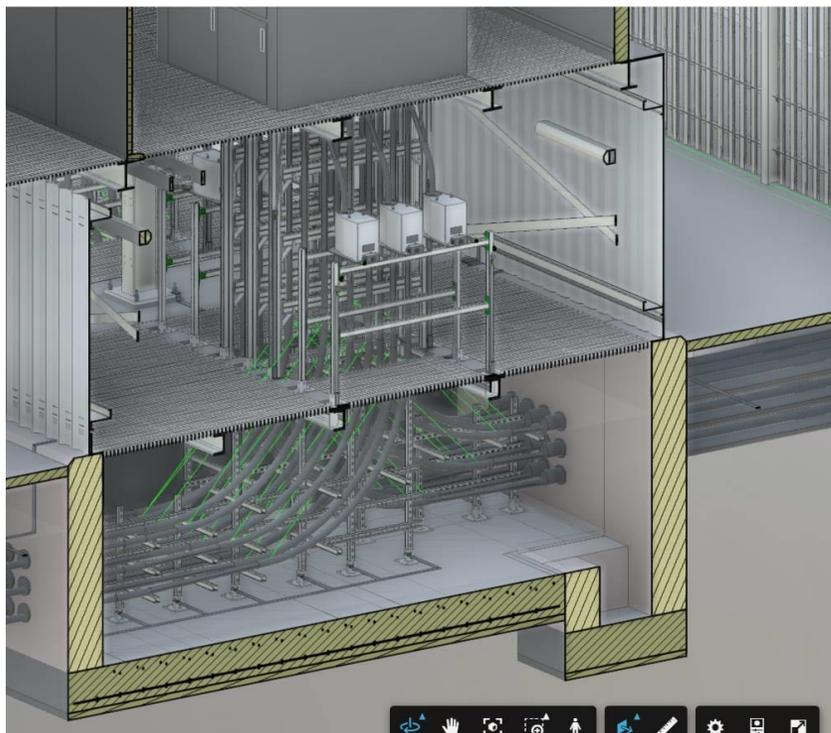
Grid connection timeline

Resourcing - cause of delay to 18-Dec-24

- SPEN have been regularly updating North Kyle on the progress of the NK grid works since the start of the contract. These take the form of a regular monthly progress report and a monthly face to face meeting (+regular phone calls as required).
- Within the April 24 progress report the SPEN PM has indicated within the Key Risks section the following risk:
- “BOP construction delay – Due to lead time in Steel Structure, Marshalling Kiosk, Supplies Pillar, Key Exchange Boxes and Interlocking. BOP tender technical evaluation completed. BAFO released to BOP tender. Letter of Intent draft agreed with SPEN Legals and BOP tenderers have agreed to working under LOI in principle. But there is still high risk and BOP works could complete in Jan 25.”
- Essentially, this was a SPEN supply chain issue – and ultimately they were able to push their BoP Contractor to a delivery date of 18-Dec-24

Grid connection timeline

33kV Switchgear Building issue - cause of delay to 28-Feb-25



- Design issue with 33kV building cable entry and thermal performance of cables
- Revised foundation design delayed construction programme
- Delivery slots for switchgear and GRP housing missed (originally due early Nov-2024)
- Next available switchgear delivery slot is mid-Jan 2025, leading the connection date to knock-on to 28-Feb

Grid connection timeline

NESO SORT issue - cause of delay to 19-Mar-25

- North Kyle was working towards a SORT cut-off date of 08-Jan-25 ahead of a 29-Jan-25 upload date. However, were told that we had missed the 08-Jan-25 cut-off date and would instead need to be ready for the next cut-off date of 26-Feb-25 (which would lead to an upload/energisation date of 19-Mar-25).
- The reason given by NESO was that North Kyle had not passed the Operational Meter Testing, required to be complete to allow issue of the HVSCC testing (High Voltage System Change Certificate). The test confirms that SCADA signals between SPEN's substation and NESO's control room are fully configured and operational.
- NESO appear to have made a change to enforce the completion/passing of the Operational Meter Testing before allowing a project to enter SORT. Historically (as understood by our technical advisors Natural Power and the transmission operator SPEN), the SCADA system for a project is not commissioned until around one month before energisation and a project would enter SORT with the testing to follow.
- We believe North Kyle wind farm fully followed the process that had been used historically for registration but have been impacted by a change of approach (which we think is due to a change of personnel from October 2024).
- We have raised this issue with the System Change Manager at NESO and NESO directors. We have been unsuccessful.
- This leads to an earliest energisation date of 19 March 2025.
- TNUoS charges run from 1 April to 31 March. Therefore, by connecting on 19 March the project is liable for a full year's worth of TNUoS charges (estimated at £1.3m).



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Proposer's Justification vs Ofgem's Urgency Criteria

The Proposer recommends that this modification should be treated as an Urgent Modification proposal and directly to Code Administrator Consultation.

Ofgem's Urgency Criteria	Proposer's Justification
a) A significant commercial impact on parties, consumers or other stakeholder(s).	<p>This modification achieves the urgency criteria "A significant commercial impact on parties, consumers or other stakeholder(s)", by virtue of the immediate and significant commercial impact on a few parties to whom it will apply, i.e., those that have or intend to connect in the 2024/25 charging year. The case for urgency made for CMP445 stands, as does the request for urgency made for the CMP451.</p> <p>In the latter case, the Panel decided that the modification was not sufficient distinct from CMP445 to proceed. However, the revised argument for urgency arises now from the specific situation that a plant has the option to connect two weeks prior to the end of the charging year, at a cost of £1.3 million, or to wait to the next charging year.</p>
b) A significant impact on the safety and security of the electricity and/or gas systems.	N/A
c) A party to be in breach of any relevant legal requirements	N/A

CMP451 Proposed Urgent Timeline – Straight to Code Administrator Consultation

Milestone	Date
Modification presented to Panel	04 March 2025
Ofgem grant Urgency	05 March 2025 (5pm)
Code Administrator Consultation (2 Business Days)	06 March – 10 March 2025
Draft Final Modification Report (DFMR) issued to Panel (3 Business Days)	12 March 2025
Panel undertake Recommendation Vote	13 March 2025
Final Modification Report issued to Panel to check votes recorded correctly	13 March 2025
Final Modification Report issued to Ofgem	13 March 2025
Ofgem decision	14 March 2025
Implementation Date	17 March 2025

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CMP452 Proposed Timeline – straight to Code Administrator Consultation (Not urgent)

Milestone	Date
Modification presented to Panel	04 March 2025
Code Administrator Consultation (15 business days)	05 March to 26 March 2025
Draft Final Modification Report (DFMR) issued to Panel (5 business days)	24 April 2025
Panel undertake DFMR recommendation vote	02 May 2025
Final Modification Report issued to Panel to check votes recorded correctly	06 May 2025
Final Modification Report issued to Ofgem	14 May 2025
Ofgem decision	TBC
Implementation Date	TBC

CMP452 Asks of Panel

- **AGREE** that this Modification has a clearly defined defect, scope and solution
- **AGREE** that this Modification should proceed directly to Code Administrator Consultation
- **NOTE** the modification appears not to have any impacts on the Electricity Balancing Regulation (EBR) Article 18 terms and conditions held within the CUSC
- **VOTE** whether or not to recommend Urgency
- **AGREE** timetable for Urgency
- **NOTE** next steps:
 - Under CUSC Section 8.24.4 we will now consult the Authority as to whether this Modification is an Urgent CUSC Modification Proposal
 - Letter to be sent to Ofgem 04 March 2025
 - Ofgem approval of Urgent treatment sought by 5pm on 05 March 2025
 - Code Administrator Consultation to run from 06 March – 10 March 2025

Any other business

Activities ahead of the next Panel Meeting

Special CUSC Panel (CMP444)	07 March 2025
Special CUSC Panel (CMP446)	10 March 2025
Modification Proposal Deadline for March Panel	13 March 2025
Papers Day	20 March 2025
Panel Meeting	28 March 2025 Teams

Close

Penny Garner

Independent CUSC Chair